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Sessional Committee

DRAFT REPORT OF THE SESSIONAL COMMITTEE OF THE TRADE AND DEVELOPMENT BOARD

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Note for Delegations

This draft report is a provisional text circulated for clearance by delegations.

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INTRODUCTION

1. At its 862nd (opening) plenary meeting, on 11 September 1995, the Trade and Development Board decided to establish a sessional committee of the whole to consider and report on the following agenda items:

"Specific action related to the particular needs and problems of land-locked developing countries" (agenda item 3);

"UNCTAD's assistance to the Palestinian people" (agenda item 4).

2. At its first and resumed first meeting, on 11 September 1995, the Sessional Committee elected Mr. B.P. Lacoul (Nepal) as its Chairman and Mr. Z. Baltacioglu (Turkey) as its Vice-Chairman-cum-Rapporteur.

3. At the first part of the Board's forty-second session, the Sessional Committee held ... formal and ...informal meetings.

Chapter I

SPECIFIC ACTION RELATED TO THE PARTICULAR NEEDS AND PROBLEMS OF LAND-LOCKED DEVELOPING COUNTRIES

(Agenda item 3)

4. For its consideration of agenda item 3, the Sessional Committee had before it the following documentation:

"Note by the UNCTAD secretariat" (TD/B/42(1)/13);

"Report of the Second Meeting of Governmental Experts from Developing Land-locked and Transit Developing Countries and Representatives of Donor Countries and Financial and Development Institutions" (TD/B/42(1)/11-TD/B/LDC/AC.1/7);

"Specific action related to the particular needs and problems of land-locked developing countries: Progress report by the UNCTAD secretariat (TD/B/42(1)/14).

5. The **Director-in-Charge of the Division for Least Developed, Land-locked and Island Developing Countries**, introducing the item, recalled that the Second Meeting of Governmental Experts from Land-locked and Transit Developing Countries and Representatives of Donor Countries and Financial and Development Institutions, which had been held in New York from 19 to 22 June 1995 pursuant to paragraph 10 of General Assembly resolution 48/169, had adopted a "Global Framework for Transit Transport Cooperation between Land-locked and Transit Developing Countries and the Donor Community". The Framework contained a comprehensive account of the issues involved, as well as related recommendations for action to improve transit transport systems.

6. In recent years, land-locked and transit developing countries had embarked on a number of projects and programmes to improve transit transport efficiency. Moreover, a number of initiatives had been taken by Governments to promote bilateral and subregional transit agreements to govern various transit transport operations. The implementation of those agreements, however, remained poor because of inefficient monitoring and enforcement mechanisms. There was also a continued

acute shortage of skills in spite of the implementation of a wide range of technical assistance programmes.

7. The New York Meeting had noted that the leading role that Governments sought to play in the coordination of transit traffic adversely affected the efficiency and cost of transit operations. Initiatives had been taken, however, to deregulate policies affecting transit transport operations and develop a more commercially oriented approach. Those initiatives were nevertheless still at a very nascent stage, and their impact on the overall transit transport performance was peripheral. Further efforts to reduce excessive state control and surveillance of transit transport operations were urgently required. In that connection, the Framework adopted by the Meeting maintained that the quality of transit services could be improved and their costs reduced through action on the policy front; fundamental policy reforms were required to support a liberalization of trade in transit services and discourage government interventionist policies in the transit transport sector. In a more fundamental, evolutionary and institutional context, the Framework saw ample opportunities for the private sector in various areas of the transit transport sector.

8. The Framework furthermore outlined the role of external assistance in the efforts of land-locked and transit developing countries to improve transit transport systems. In that regard, it recommended inter alia a substantial increase in the flow of financial and technical assistance from all sources and existing mechanisms, including the private sector. It also highlighted some of the key priority areas for donor support.

9. The Framework underscored the need to support international organizations, particularly UNCTAD and the regional economic commissions, in expanding technical assistance programmes designed to assist the implementation of activities agreed upon by land-locked and transit developing countries in support of greater transit transport efficiency. It also recommended the establishment of consultative groups in order to ensure the effective implementation of its recommendations. UNCTAD and the regional commissions were called upon to play a catalytic role in providing substantive and organizational support to such groups.

10. The representative of **Mongolia** stressed the important role that UNCTAD continued to play in focusing the attention of the international community on the particular problems of the land-locked countries; UNCTAD was the only organization

in the United Nations system which undertook activities on behalf of land-locked developing countries. In that connection, the "Global Framework for Transit Transport Cooperation between Land-locked and Transit Developing Countries and the Donor Community" served as a solid basis for establishing effective and self-sustaining transit transport systems. The tri-partite nature of the Framework was important, as it not only promoted more effective cooperation between land-locked and transit developing countries, but also encouraged a more active and supportive role on the part of the donor community. Mongolia was ready to take concrete actions in implementation of the recommendations of the Framework and, as a priority matter, was considering the possibility of adhering to existing international instruments in the field of international transport. It would soon ratify the United Nations Convention on the Law of the Sea.

11. His Government attached particular importance to the creation of a market-oriented commercial environment in the development of transit infrastructure and was encouraging the more active participation of the private sector in the transit-transport industry.

12. Finally, he expressed the appreciation of his Government to donor countries and international organizations for their contribution to the development and improvement of the efficiency and capability of transport systems in Mongolia.

13. The representative of **Afghanistan** said that the geopolitical changes that had taken place during the 1990s gave his country a key role to play in its region. With the accession to independence of the Central Asian countries, Afghanistan had itself become a transit country as well. The North-South route linked the newly independent countries to the sea, through Afghanistan, and the East-West route linked them to Europe. His Government considered that the development of regional trade required close cooperation between the countries concerned, based on mutual respect and consideration for the legitimate interests of each State. He reiterated his delegation's full support for the recommendations of the Second Meeting of Governmental Experts from Land-locked and Transit Developing Countries and Representatives of Donor Countries and Financial and Development Institutions held in New York. Finally, with regard to the deterioration of Afghanistan's road infrastructure due to years of war, he called upon the international community to assist his country in its efforts to rebuild its infrastructure.

14. The representative of **Spain**, speaking on behalf of the European Union, commended the UNCTAD secretariat for its report on specific action related to the particular needs and problems of land-locked developing countries (TD/B/42(1)/14). The world was undergoing an unprecedented degree of globalization, as reflected in the theme of UNCTAD IX, and it was clear that developing countries with difficult access to the sea faced severe limitations in their trade and development efforts.

15. The comments and recommendations of the Symposium on Land-locked and Transit Developing Countries and the Second Meeting of Governmental Experts from Land-locked and Transit Developing Countries and Representatives of Donor Countries and Financial and Development Institutions deserved serious consideration. The solutions to transit problems were to be sought primarily through cooperation between the land-locked and transit countries, and the prerequisite for such cooperation would be that the land-locked countries lived in peace and harmony with their transit neighbours. The European Union recognized the difficulties of land-locked developing countries, as could be seen from the Lomé Convention. Nevertheless, it was hesitant to recognize a category of countries exclusively on the basis of geographical position. Lack of development formed the basis for providing development assistance, and in that respect the least developed countries had priority.

16. UNCTAD had done some good work on the problems faced by the land-locked countries. The European Union, which had actively participated in the New York meeting, would continue to participate constructively in current and future discussions on the subject.

17. The representative of **Nepal** recalled that UNCTAD, as the only body in the United Nations system to undertake activities related to land-locked developing countries, had facilitated dialogue and cooperation between land-locked countries, their transit neighbours and the donor community. The Global Framework for Transit Transport Cooperation between Land-locked and Transit Developing Countries and the Donor Community was a milestone in that regard. The main thrust of the new strategy proposed in the Framework was the need for strengthened institutional arrangements to monitor the implementation of agreed cooperative arrangements between land-locked and transit developing countries, as well as the need to develop policies that would encourage competition in transit-transport industries and services and enhance the role of the private sector.

18. Economic globalization and liberalization provided both opportunities and challenges to all countries. However, it exposed the exports of land-locked developing countries, and in particular the least developed among them, such as his country, to tougher competition.

19. The forthcoming meeting on the Mid-term Global Review of the Implementation of the Programme of Action for LDCs for the 1990s and UNCTAD IX would offer opportunities to focus further on the problems of land-locked developing countries.

20. Nepal faced numerous operational problems in its transit transport, but such issues had been and could be resolved bilaterally. The improvement of physical infrastructure, however, required additional support from donor countries. UNCTAD for its part could provide support through the development and implementation of a harmonized system of modalities, procedures and documentation that would help both land-locked and transit developing countries. In that connection, his delegation called for the provision of additional resources to UNCTAD and the regional economic commissions in order to enable them to provide the necessary advisory services in the field of transit transport.

21. The representative of **China** welcomed the Global Framework for Transit-Transport Cooperation between Land-locked and Transit Developing Countries and the Donor Community. The development of transit-transport systems posed numerous problems, including the need for heavy capital outlays in both land-locked and transit countries. Cooperation between transit and land-locked countries was a critical factor for the development and sustenance of cost-effective transit systems. However, because of their financial constraints, the countries concerned needed increased financial and technical support from the donor community and multilateral financial institutions in order to strengthen their cooperation, improve their economic performance and enable them to participate fully in the economic globalization process.

22. China had extended assistance to its neighbouring land-locked and other countries and would continue to do so in the future. China also had regions and provinces which were remote from markets and faced difficulties similar to those experienced by land-locked countries, and China looked forward to cooperating with its neighbouring countries in that respect.

23. The representative of **Pakistan** said that his country occupied a strategic geographical location which made it a major transit country for Asia. Pakistan had always played a constructive role and provided transit facilities to its land-locked neighbours, at times at the expense of its own economic interests. In that connection, he expressed his country's continued willingness to contribute to the development and expansion of transit trade and welcomed the recommendations contained in the Global Framework. The principles underlying those recommendations should guide future efforts, and special consideration should be given to the principle of mutual benefit for both land-locked and transit countries, the need for a mechanism to effectively control the diversion of cargo in transit, and most importantly the poor state of infrastructure in many transit developing countries. He pointed out the need for improved administrative machinery and more transit facilities in order to implement the recommendations set forth in the Global Framework. Substantial resources would be needed to build, maintain and overhaul the required infrastructure, and the donor community should provide assistance to that end. Finally, he emphasized that his country would not compromise on the principle of non-interference in matters falling within the jurisdiction of each individual State.

24. The representative of the **UNCTAD secretariat** said that the conclusions and recommendations in the Global Framework for Transit Transport Cooperation would provide a very useful basis for the future work of UNCTAD on behalf of land-locked and transit developing countries. The UNCTAD secretariat would undertake the necessary measures to carry out its role in the effective implementation of the recommendations of the Global Framework.

Action by the Sessional Committee

25. At its third meeting, on 14 September 1995, the Sessional Committee took note of the reports contained in documents TD/B/42(1)/11-TD/B/LDC/AC.1/7 and TD/B/42(1)/14, endorsed the conclusions and recommendations of the Global Framework for Transit Transport Cooperation between Land-locked and Transit Developing Countries and the Donor Community contained in the report of the Second Meeting of Governmental Experts from Land-locked and Transit Developing Countries and Representatives of Donor Countries, Financial and Development Institutions (TD/B/42(1)/11-TD/B/LDC/AC.1/7) and decided to transmit that report, as well as the progress report by the UNCTAD secretariat on specific action related to the

particular needs and problems of land-locked developing countries (TD/B/42(1)/14) and the comments thereon, to the General Assembly for further appropriate action.